



Bangladesh's Political Upheaval and Its Impact on India

For Prelims: [Inflation](#), [European Union](#), [India-Bangladesh Relations](#), [Bangladesh Liberation War 1971](#), [Akhaura-Agartala rail link](#)

For Mains: India-Bangladesh Relations, Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.

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Why in News?

The resignation of Sheikh Hasina as Prime Minister of Bangladesh marks a significant turning point in South Asian geopolitics. As she fled the country amid protests and sought refuge in India, the **stability of Bangladesh and its relationship with India have come into question**.

- This upheaval could have far-reaching consequences not only for the region but also for [India's national security](#).

What is the Current Situation in Bangladesh?

- **Protests and Unrest:** Bangladesh has been engulfed in protests **over job quota issues fueled by authoritarian policies and suppression of opposition**, leading to significant unrest, the largest seen since Sheikh Hasina's tenure began in 2008.
- **Economic Challenges:** Sheikh Hasina's departure raises concerns about the country's economic recovery from the [Covid-19 pandemic](#), which has already been strained by **rising inflation** and currency depreciation.
- **Political Landscape:** The Bangladesh Army is set to form an interim government, emphasising the fluidity of the situation. The potential return of **radical Islamist forces could threaten Bangladesh's secular governance**.
- **Disruption in Export Flow:** [Bangladesh's textile sector](#), which significantly contributes to its export revenue, is facing major disruptions. The ongoing unrest has led to a breakdown in supply chains, affecting the movement of consignments and production schedules.
 - Bangladesh is a major player in the global clothing industry, **accounting for 7.9% of global trade in clothing**. The country's **USD 45 billion garment sector, which employs over four million workers, represents more than 85% of its merchandise exports**.
 - The country has a significant market share in the [European Union](#), the UK and the US, with a 10% share in the US market.
 - International buyers are reassessing their supply sources due to the uncertainty in Bangladesh. **This could result in a shift of orders to alternative markets, including India**.
 - India stands to gain substantially if it captures a **portion of the displaced orders from Bangladesh**. Industry experts estimate that **India could see an additional USD 300-400 million** in monthly business if **10-11% of Bangladesh's textile exports are**

redirected to Indian hubs such as Tiruppur.

How does the Political Instability in Bangladesh Affect India?

- **Loss of a Trusted Ally:** India has lost a key partner in Sheikh Hasina, who has been instrumental in [countering terrorism and strengthening bilateral relations](#).
 - Hasina's leadership enabled India to work closely with Bangladesh on security matters, a relationship now in jeopardy as political dynamics shift.
 - India-Bangladesh bilateral trade reached USD 13 billion in FY 2023-24, making **Bangladesh India's largest trade partner in the subcontinent**. Duty-free access was provided on most tariff lines under the [South Asian Free Trade Area \(SAFTA\)](#) agreement under Hasina's administration.
 - India's support for her administration has now become a liability as her unpopularity and **controversial governance might impact India's regional standing**.
- **Western Scrutiny and Potential Backlash:** India's backing of Hasina has created friction with Western allies, specifically the US who have criticised her undemocratic practices. Balancing international relations while supporting a **now-unpopular leader poses challenges for India**.
 - With Hasina's unpopularity growing, India may face backlash from **Bangladeshi citizens who view India as an ally of the ousted leader**. The situation could strain **India-Bangladesh relations**.

Significance of Bangladesh for India

- The country acts as an important corridor for trade and transportation, linking India's Northeast with the rest of the country and facilitating access to international markets.
- A stable and friendly Bangladesh is essential for regional security. Cooperation on **counter-terrorism, border security**, and other security matters is crucial for maintaining peace in South Asia.
- **Bangladesh is India's biggest trade partner in South Asia** and India is the second largest trade partner of Bangladesh in Asia.
 - The economic relationship supports **India's goals under its foreign trade policy** and contributes to its aim of becoming a **USD 5 trillion economy**.
- Active collaboration between India and Bangladesh is crucial for the success of regional forums like [BIMSTEC \(Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation\)](#) and [SAARC \(South Asian Association for Regional Cooperation\)](#).

What Challenges Lie Ahead for India in Engaging with a New Regime?

- **Uncertain Political Environment:** The nature of the new government, whether it is led by opposition parties or the military will significantly impact India's strategic interests.
 - A new administration that is less friendly to India could **re-energize anti-India militant groups**, adding pressure to an already tense **security situation along the borders**.
 - The Hindu minority may face increased risks if [Islamist extremism](#) rises. India must navigate citizenship promises for Hindu refugees carefully to avoid regional tensions.
- **Regional Geopolitics:** The political instability in Bangladesh could provide an opportunity for **China to expand its influence in the region**.
 - India must be vigilant as Beijing might offer lucrative deals to the new regime, similar to how it has leveraged regime changes in **Sri Lanka and the Maldives**.
 - India will need to engage in strategic partnerships to ensure that **extremist elements do not gain a foothold** and that Bangladesh's economic stability is supported.
 - The turmoil in Bangladesh comes at a time when India faces challenges on multiple fronts, including tensions with Pakistan, [instability in Myanmar, strained relations with Nepal, Taliban's seizure of power in Afghanistan](#), and the Maldives.
- **Impact on Indian Investments:** Indian businesses and investments in Bangladesh might face uncertainties due to the political upheaval. **Disruptions in trade and payment delays** could impact the profitability and stability of these investments.

- The unrest will influence Indian-owned textile manufacturing units in Bangladesh. Around **25% of textile units in Bangladesh are owned by Indian companies**. There is a likelihood that these units may shift their operations back to India due to the current instability.
- As discussions around a **potential free trade agreement (FTA)** began in October 2023, hopes soared that it could boost Bangladesh's exports to India by up to 297% and India's exports by 172%.
 - However, the political instability raises doubts about the future of these negotiations and could disrupt existing trade flows.
- **Infrastructure and Connectivity Concerns:** Infrastructure and connectivity have been vital in strengthening Indo-Bangladesh relations. **India has provided USD 8 billion in credit since 2016 for road, rail, and port projects**, including the [Akhaura-Agartala rail link](#) and the [Khulna-Mongla Port rail line](#).
 - However, current unrest threatens these crucial connections, potentially **disrupting trade and access to India's Northeast region**, and jeopardising earlier agreements.
- **Balancing Act:** India must strike a **balance between supporting democratic forces and managing relationships with regional powers**.
 - The **challenge will be to avoid getting entangled in internal disputes** while maintaining a robust diplomatic presence in Bangladesh.

How Should India Approach Its Foreign Policy Moving Forward?

- **Building New Alliances:** India is maintaining a cautious approach, closely monitoring the situation in Bangladesh while adopting a **"wait-and-watch"** strategy. This involves assessing the developments and their potential impacts on regional stability.
 - Further, India should engage with various political factions in Bangladesh, to foster a more inclusive relationship. India must develop a flexible strategy that accommodates the evolving political landscape in Bangladesh.
 - Engaging with a broader spectrum of Bangladeshi society will be crucial to counteract any negative perceptions of India. **India needs to move beyond the [1971 liberation narrative](#)**.
- **Enhancing Security Measures:** India should bolster its security measures along the border and in areas with significant Bangladeshi expatriate populations to address potential spillover effects and maintain stability.
- **Digital Connectivity Corridor:** Developing a digital connectivity corridor can enhance trade, technological exchange, and e-commerce.
 - Evaluate the feasibility of an FTA with Bangladesh in light of the new political climate.
- **Geopolitical Manoeuvring:** India must anticipate that Pakistan and China will seek to exploit the situation in Bangladesh to their advantage.
 - Collaborating with international partners, including the US, UK, and European nations, will be key to mitigating these risks.
 - India should work with Gulf partners like the UAE and Saudi Arabia to support **Bangladesh's economic stabilisation and counter extremist influences**. This cooperation can help maintain regional stability and prevent Bangladesh from drifting away from its traditional allies.

Drishti Mains Question:

Q. What are the repercussions of frequent political instability in India's neighbouring countries? Evaluate the challenges in light of the recent political instability in Bangladesh.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Mains:

Q. Analyze internal security threats and transborder crimes along Myanmar, Bangladesh and Pakistan borders including Line of Control (LoC). Also discuss the role played by various security forces in this regard. (2018)

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